

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 13896 131051Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 INR-10 PA-01 SS-15 SP-02
PM-05 /052 W
-----106520 131104Z /14
R 130615Z SEP 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 3934

LIMITED OFFICIAL USE NEW DELHI 13896

STADIS////////////////////////////////

FOL IS BOMBAY CONTEL 2269 RPTD YOU SEP 12, 1978 SIGNED COURTNEY

E.O. 11652: N/A
TAGS: EINV
SUBJECT: ORVILLE FREEMAN'S SPEECH ON INVESTMENT

REF: BOMBAY 2269

QUOTE

LIMITED OFFICIAL USE BOMBAY 2269

E. O. 11652: N/A
TAGS: EINV
SUBJECT: ORVILLE FREEMAN'S SPEECH ON INVESTMENT

REF: BOMBAY 2266

1. ORVILLE FREEMAN'S SPEECH AT THE INDO-AMERICAN CHAMBER OF COMM-
ERCE LUNCHEON ON SEPTEMBER 11 FEATURED A SHARP INDICTMENT OF GOI
POLICIES ON INVESTMENT AS THEY AFFECT BOTH LARGE INDIAN BUSINESS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 13896 131051Z

HOUSES AND MULTINATIONAL CORPORATIONS. FREEMAN SAID THAT IN EFFECT
GOI INVESTMENT POLICIES ARE A FORM OF "REVERSE CASTEISM", DIS-
CRIMINATING AGAINST BIG BUSINESS AND COSTING INDIA THE BENEFITS
THAT WOULD STEM FROM MAKING BIG BUSINESS A FULL PARTNER IN THE
ECONOMIC DEVELOPMENT PROCESS.

2. THIS HARDHITTING SPEECH WAS GIVEN BROAD AND PROMINENT COVER-

AGE IN THE SEPTEMBER 12 MORNING BOMBAY PAPERS. THE TIMES OF INDIA GAVE IT THREE COLUMN LEAD AT TOP OF THE FRONTPAGE AND THE INDIAN EXPRESS FEATURED IT ON THE INSIDE PAGE WHERE MOST SEMI-ANALYTICAL PIECES APPEAR. THEY PLAYED UP FREEMAN'S ATTACKS ON GOI INVESTMENT POLICIES.

3. FREEMAN BALANCED HIS ATTACK ON GOVERNMENT'S INVESTMENT POLICY TOWARD BIG BUSINESS WITH PRAISE FOR THE GOVERNMENT'S EMPHASIS ON RURAL DEVELOPMENT. HE ALSO APPLAUDED THE GAINS IN FOREIGN EXCHANGE RESERVES, GRAIN PRODUCTION AND DEVELOPMENT OF OIL AND GAS RESOURCES. NEVERTHELESS, AS HE UNDOUBTEDLY INTENDED, THE THRUST OF HIS SPEECH WAS CRITICAL OF GOI INCLINATIONS AND RESULTS.

4. COMMENT: THIS SPEECH WAS WELCOMED BY THE HAWKS IN THE BUSINESS COMMUNITY WHO FEEL THAT THE GOVERNMENT RECORD IN THE FACE OF ECONOMIC STAGNATION IS SO POOR AS TO BORDER ON THE DISGRACEFUL. MANY TOP INDIAN BUSINESS LEADERS HAD URGED FREEMAN TO SPEAK OUT AND "TELL IT AS IT IS." IN THEIR VIEW INDIAN POLITICIANS ARE SO CONVINCED THAT VOTES LIE IN AN ANTI-BUSINESS POSTURE THAT ONLY THE SHARPEST PRESENTATION OF AN OPPOSITE POINT OF VIEW WILL HAVE AN EFFECT ON THEM.

5. WHILE ALMOST EVERYONE IN THE BUSINESS COMMUNITY IN BOMBAY BELIEVES THAT THE GOVERNMENT INVESTMENT INVESTMENT POLICIES ARE SADLY WANTING, MANY DOUBT THE EFFICIACY OR THE WISDOM LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NEW DE 13896 131051Z

OF THE LINE FREEMAN PROPAGATES. THEY BELIEVE THAT SUCH REMARKS ONLY PROVOKE COUNTER-RETORTS WHICH ESCALATE THE RHETORIC AND WORSEN THE PROBLEM OF COMMUNICATION BETWEEN GOVERNMENT AND BUSINESS. IN AT LEAST ONE RESPECT THEY MAY BE RIGHT. FREEMAN'S STRESS ON COMPETITION FOR FOREIGN INVESTMENT MAKES IT APPEAR THAT HE BELIEVES THERE IS A FUND OF FOREIGN INVESTMENT FLOATING AROUND THE WORLD LOOKING FOR OUTLETS. HIS PRESENTATION MAKES IT APPEAR THAT THE RECEIVERS OF THIS FUND ARE THOSE WHO COMPETE MOST EFFECTIVELY FOR IT. THIS OF COURSE IS AN OVER-SIMPLIFICATION. MONEY NOT INVESTED IN INDIA MAY SIMPLY STAY IN THE COUNTRY OF ITS ORIGIN RATHER THAN GOING ELSEWHERE. MANY FOREIGN INVESTERS ARE INTERESTED IN INDIA FOR ITS OWN SAKE: BECAUSE OF THE SIZE OF THE MARKET; THEIR DESIRE TO HAVE THEIR OWN PRODUCTS IN EVERY LARGE MARKET; AND THEIR WISH TO MAINTAIN A MARKET SHARE WORLDWIDE. THESE COMPANIES WILL INVEST WHENEVER MINIMAL CONDITIONS ARE SATISFIED. UNFORTUNATELY THE EVIDENCE IS ABUNDANT THAT INDIA DOES NOT EVEN MEET MINIMAL REQUIREMENTS.

6. THE POINT THAT THE CONGEN WOULD MAKE IS THAT INDIANS ARE PUT OFF BY EMPHASIS ON COMPETITION FOR INVESTMENT FUNDS. THE IDEA THAT THEY NEED TO GET DOWN INTO A PIT AND SCURRY AROUND TO DIVERT FUNDS FROM COUNTRIES LIKE SINGAPORE, THAILAND AND KOREA, IS

NOT AT ALL ATTRACTIVE TO THEM. THEY ARE MUCH MORE RECEPTIVE TO
ARGUMENTS EXPRESSED IN TERMS OF BENEFITS IN FORM OF ECONOMIC
GROWTH FROM FOREIGN INVESTMENT. IN TALKING ABOUT OTHER
COUNTRIES IT IS MORE EFFECTIVE SIMPLY TO NOTE THAT MANY RECIPIENTS
OF FOREIGN INVESTMENT HAVE HIGHER GROWTH RATES THAN INDIA.
COURTNEY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SPEECHES, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 sep 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978NEWDE13896
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780372-0156
Format: TEL
From: NEW DELHI
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780972/aaaachgt.tel
Line Count: 122
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 90065851-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: 78 BOMBAY 2269
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1453672
Secure: OPEN
Status: NATIVE
Subject: ORVILLE FREEMAN'S SPEECH ON INVESTMENT
TAGS: EINV, SOPN, AMCHAMS, (FREEMAN, ORVILLE)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/90065851-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014